

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 /058 W  
-----272036Z 090624 /66

P R 271655Z MAY 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC PRIORITY 4931  
INFO AMCONSUL NAPLES  
AMEMBASSY PARIS  
AMCONSUL FLORENCE  
AMCONSUL MILAN

C O N F I D E N T I A L SECTION 1 OF 2 ROME 8852/1

E.O. 11652: GDS  
TAGS: PFOR, IT, PINT  
SUBJECT: PARTIES MOVE CLOSER TO LIMITED PROGRAMMATIC ACCORD

SUMMARY: HAVING COMPLETED A NEW ROUND OF BILATERAL PARTY CONSULTATIONS, THE CHRISTIAN DEMOCRATS (DC) ARE DRAFTING A DOCUMENT WHICH, IF ACCEPTED BY THE OTHER PARTIES, COULD SERVE AS THE BASIS FOR A PROGRAMMATIC ACCORD. SINCE AGREEMENT ON CONTENTIOUS ISSUES APPEARED INSURMOUNTABLE WITHOUT ENGAGING IN UNACCEPTABLE POLITICAL CONCESSIONS, THE DOCUMENT WILL BE LIMITED IN SCOPE AND CONTENT. SINCE BOTH THE DC AND THE PCI WISH TO AVOID A GOVERNMENT CRISIS, THEY BOTH APPEAR DISPOSED TO ACCEPT A LIMITED AGREEMENT AND THEREBY KEEP THE ANDREOTTI MINORITY GOVERNMENT IN PLACE THROUGH THE SUMMER. THE SOCIALISTS, CURRENTLY MEETING IN CENTRAL COMMITTEE SESSION, COULD BLOCK AN AGREEMENT IF THEY ARE UNABLE TO RESOLVE AN INCREASINGLY SERIOUS INTERNAL LEADERSHIP CRISIS. IF CRAXI'S LINE PREVAILS ON THE NEED TO AVOID A GOVERNMENT CRISIS, THE DC DIRECTORATE WILL MEET AT THE MIDDLE OF NEXT WEEK TO CONSIDER THE RESPONSES OF THE OTHER PARTIES TO ITS DRAFT PROGRAM DOCUMENT. END SUMMARY.

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1. WITH THE CONCLUSION OF THE SECOND ROUND OF THE DC'S BILATERAL PARTY CONSULTATIONS ON MAY 25, THE NEGOTIATIONS FOR A PROGRAMMATIC ACCORD APPEAR TO BE ENTERING A DECISIVE PHASE. THE DC HOPES TO COMPLETE WORK ON A DOCUMENT TODAY, MAY 27, THAT IF AGREEABLE TO THE OTHER PARTIES COULD SERVE AS THE BASIS FOR THE PROGRAMMATIC ACCORD. RECOGNIZING THAT THERE WAS MORE DISAGREEMENT THAN AGREEMENT ON THE SPECIFIC ISSUES DISCUSSED

(PUBLIC ORDER, THE ECONOMY, EDUCATION, AND LOCAL GOVERNMENT), THE DOCUMENT WILL REPORTEDLY ADDRESS THESE ISSUES IN A HIGHLY GENERAL FASHION. THE OTHER PARTIES WILL NOW HAVE TO DETERMINE WHETHER THEY CAN ACCEPT THE DC DOCUMENT. AS THEY WILL PROBABLY NEED UNTIL AT LEAST THE MIDDLE OF NEXT WEEK TO CONSULT THEIR RESPECTIVE DELIBERATIVE BODIES, THE DC HAS TENTATIVELY SET A DIRECTORATE MEETING FOR WEDNESDAY, JUNE 1, TO CONSIDER THE RESPONSES.

2. IT IS CLEAR THAT THE PARTIES WERE UNABLE TO DEVELOP A CONSENSUS OF THE TYPE DESIRED BY THE LIBERALS AND REPUBLICANS THAT WOULD COMMIT THE PARTIES TO A SPECIFIC ACTION PROGRAM TO ADDRESS THE COUNTRY'S MOST PRESSING ECONOMIC AND SOCIAL ISSUES. NO SPECIFIC AGREEMENT COULD BE REACHED, FOR EXAMPLE, ON HOW FURTHER CONTROLS ON THE SCALA MOBILE COULD BE UNDERTAKEN TO REDUCE INFLATION AND LABOR COSTS. WHILE A CONSENSUS APPEARS TO HAVE DEVELOPED ON A PREVENTIVE SECURITY MEASURE THAT CAN BE ACCEPTED BY THE LEFT (ROME 8401), NO COMPROMISE WAS POSSIBLE ON THE HIGHLY SENSITIVE ISSUE OF POLICE REFORM (DEMILITARIZATION AND UNIONIZATION). THE DC (JOINED BY THE PLI AND PRI) CONCEDE THE INEVITABILITY OF POLICE UNIONIZATION BUT INSIST THAT IT BE INDEPENDENT AND NOT PERMITTED TO JOIN THE COMMUNIST-DOMINATED TRADE UNION CONFEDERATION. THE PCI AND PSI (JOINED RELUCTANTLY BY THE PSDI WHICH IS REPRESENTED IN THE UIL) INSIST JUST AS ADAMENTLY ON THE RIGHT OF THE POLICE UNION TO JOIN THE FEDERATION. COMMENT: IF THESE AND OTHER HARD ISSUES ARE SKIRTED, IT IS CLEAR THAT THE MAIN SIGNIFICANCE OF A LIMITED AGREEMENT WILL BE TO HOLD OFF A GOVERNMENT CRISIS UNTIL THE FALL BY KEEPING THE ANDREOTTI GOVERNMENT IN PLACE THROUGH THE

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SUMMER. END COMMENT:

3. THE DC WANTS AN AGREEMENT THAT WILL AVOID A GOVERNMENT CRISIS BUT WHICH HOLDS THE POLITICAL COST DOWN TO THE UNAVOIDABLE MINIMUM. IF, IN THE NEGOTIATIONS, IT HAD INSISTED TOO STRONGLY ON OBTAINING PCI CONCESSIONS ON THE OPERATIVE ELEMENTS OF AN ACCORD, IT WOULD HAVE HAD TO COMPENSATE BY PAYING THE PCI A HIGHER POLITICAL PRICE. THIS THE DC CLEARLY DID NOT WISH TO DO. IT PREFERS AN ACCORD SHORT ON SUBSTANCE BUT WHICH CONCEDES THE LEAST IN THE POLITICAL AREA TO A MORE COMPREHENSIVE ACCORD THAT WOULD HAVE HAD TO ALLOW THE PCI AT THE VERY LEAST SOME FORMAL ROLE IN GOVERNMENT. THE PCI, FOR ITS OWN REASONS, ALSO WISHES TO AVOID A GOVERNMENT CRISIS. ITS LEADERS, SUCH AS PAJETTA IN A MAY 24 ESPRESSO INTERVIEW, ARE SAYING THAT SINCE THE TIME IS NOT YET RIPE FOR A GOVERNMENT OF "ALL THE DEMOCRATIC FORCES," IT IS FAVORABLE TO KEEPING THE ANDREOTTI GOVERNMENT IN PLACE. THE PCI WILL THEREFORE CONCENTRATE ITS EFFORTS TO MAXIMIZE THE POLITICAL SIGNIFICANCE OF A LIMITED PROGRAMMATIC ACCORD.

4. FURTHER EVIDENCE OF THE PCI'S APPARENT WILLINGNESS TO CONTENT ITSELF WITH A SHORT-TERM, LIMITED PROGRAMMATIC AGREEMENT WAS PROVIDED AT THE PARTY'S MAY 26 DIRECTORATE MEETING WHICH REVIEWED PROGRESS ON THE TALKS. PUBLISHED IN L'UNITA MAY 27, THE DIRECTORATE DOCUMENT IS CONSISTENT WITH THE PCI'S STRATEGY OF PROJECTING A RESPONSIBLE IMAGE AND PRESSES FOR AN EARLY ACCORD. AFTER OBSERVING THAT THERE HAVE BEEN POSITIVE CHANGES

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C O N F I D E N T I A L SECTION 2 OF 2 ROME 8852/2

IN GOVERNING THE COUNTRY SINCE THE JUNE, 1976 ELECTIONS, INCLUDING THE FACT THAT DIRECT TALKS BETWEEN THE PARTIES ARE NOW GOING ON, THE DOCUMENT URGES THAT THE NEGOTIATIONS BE SPEEDILY CONCLUDED AT A JOINT, "COLLEGIAL" MEETING OF THE DELEGATIONS OF ALL THE PARTICIPATING PARTIES. COMMENT: THE DC WILL TRY TO RESIST LEFT-PARTY DEMANDS FOR A "COLLEGIAL" MEETING WHICH OBVIOUSLY DRAMATIZES THE "POLITICAL" NATURE OF AN ACCORD. IT WILL BE DIFFICULT, HOWEVER, TO ALLOW THIS POINT TO BECOME A STUMBLING BLOCK TO AN ACCORD IF AGREEMENT IS REACHED ON THE OTHER ELEMENTS. END COMMENT.

5. AN ARTICLE BY PARTY SECRETARIAT MEMBER CHIAROMENTE IN THE LATEST ISSUE OF THE WEEKLY RINASCITA AND COMMENTS TO THE PRESS BY PARTY SECRETARIAT MEMBER PAJETTA AGAIN CONFIRMED THAT THE PCI IS NOW ANXIOUS TO REACH AN ACCORD, EVEN IF ONLY LIMITED TO A FEW ITEMS. PAJETTA SPECIFICALLY SAID THAT THE PARTIES SHOULD MAKE A DEAL ON THE POINTS WHERE COMMON AGREEMENT EXISTS, LEAVING THE MORE CONTENTIONS ITEMS, INTER ALIA, A POLICE UNION AND MODIFICATION OF WAGE INDEXATION, TO EVENTUAL DISCUSSION

IN PARLIAMENT. COMMENT: PAJETTA'S REMARKS ALSO SUGGEST THAT  
THE PCI SEES THE AGREEMENT AS ONLY AN INTERIM, HOLDING MEASURE  
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SINCE IT IS NOT COMPREHENSIVE IN SCOPE AND LEAVES MOST CONTENTIOUS  
ISSUES UNRESOLVED. END COMMENT.

6. THE PCI DIRECTORATE DOCUMENT ALSO REFLECTS A DEGREE OF  
CONCERN THAT, HAVING BACKED DOWN FROM THE MAXIMALIST POSITIONS  
ADVANCED WHEN THE INTER-PARTY NEGOTIATIONS GOT UNDERWAY IN APRIL,  
THE PARTY POSITION WILL NOT BE UNDERSTOOD BY ITS BASE AND  
PUBLIC OPINION. AWARE OF THE CONFUSION ALREADY MANIFESTED AT  
THE PARTY'S BASE IN RECENT MONTHS REGARDING STRATEGY AND TACTICS,  
THE LEADERSHIP OBVIOUSLY WISHES TO PREVENT A FURTHER EROSION  
IN CONFIDENCE. THE DIRECTORATE DOCUMENT URGES THAT THE PARTY  
MOBILIZE ALL ITS RESOURCES TO ILLUSTRATE AND TO EXPLAIN  
ITS STRATEGY AND THE PROPOSALS TO THE WORKERS AND TO PUBLIC  
OPINION.

7. IF THE DC AND THE PCI SEEM CLOSE IN REACHING AGREEMENT ON  
THE SCOPE AND CONTENT OF A PROGRAMMATIC ACCORD, A THREATENING  
CRISIS IN THE SOCIALIST PARTY COULD BLOCK THE AGREEMENT AND  
THREATEN THE SURVIVAL OF THE ANDREOTTI GOVERNMENT ITSELF.  
THE PSI IS CURRENTLY IN THE MIDST OF A CENTRAL COMMITTEE  
MEETING (MAY 25-27) THAT HAS FURTHER REVEALED DEEP DIVISIONS  
WITHIN THE PARTY AND WIDESPREAD DISSATISFACTION WITH CRAXI'S  
LEADERSHIP. IN HIS OPENING SPEECH ON MAY 25, CRAXI ATTEMPTED TO  
ASSURE THE PSI'S RIGHT WING OF HIS INTENTION TO CORRECT IM-  
BALANCES IN THE PARTY LEADERSHIP THAT HAVE GIVEN THE LEFTIST  
LOMBARDI FACTION A DISPROPORTIONATE CONTROL OVER POLICY IN  
RECENT MONTHS. AT THE SAME TIME HE SOUGHT TO REASSURE THE  
OTHER POLITICAL PARTIES THAT THE PSI WOULD NOT PRESS FOR  
AN EARLY GOVERNMENT CRISIS, EVEN IF THE RESULTS OF THE CURRENT  
NEGOTIATIONS FOR A PROGRAMMATIC ACCORD DO NOT SATISFY PSI  
DEMANDS FOR A CHANGE IN THE CURRENT FORMULA OF "GOVERNMENT BY  
ABSTENTION."

8. IN THE MAY 26 DEBATE CRAXI'S PRESENTATION WAS THE OBJECT  
OF STRONG CRITICISM BY BOTH THE RIGHT AND LEFT WINGS OF THE PSI.  
RIGHTIST FACTION CHIEF AND EXPARTY SECRETARY GIACOMO MANCINI  
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DENOUNCED CRAXI'S ATTEMPTS TO PORTRAY AS UNANIMOUS POLICY DE-  
CISIONS MADE WITHOUT CONSULTING ALL SECTIONS OF THE PARTY AND THE  
DISPROPORTIONATE INFLUENCE NOW WIELDED BY THE LEFTIST FACTION  
OF RICARDO LOMBARDI AND DEPUTY PARTY SECRETARY CLAUDIO SIGNORILE.

CALLING FOR AN END TO PRETENSIONS OF UNANIMITY, MANCINI ASKED FOR CLEAR POLITICAL CHOICES FROM THE PARTY LEADERSHIP THAT WOULD CREATE A SITUATION IN WHICH THE SECRETARY COULD DRAW ON AN EFFECTIVE AND HOMOGENOUS MAJORITY TO SUPPORT HIS DECISIONS. EX-PARTY SECRETARY DE MARTINO ATTACKED CRAXI FROM THE OTHER DIRECTION, CRITICIZING HIS STATEMENT THAT THE PSI WOULD NOT OPEN A GOVERNMENT CRISIS. DE MARTINO STATED THAT IN A FLUID POLITICAL SITUATION THE PSI MUST KEEP ALL OPTIONS OPEN AND THAT IF IT BECAME NECESSARY A SOCIALIST-INSPIRED GOVERNMENT CRISIS COULD NOT BE RULED OUT. HE ALSO BLAMED CRAXI FOR LOSING SIGHT OF THE ESSENTIAL OBJECTIVE OF BRINGING THE PCI INTO THE GOVERNING MAJORITY. DE MARTINO'S CRITICISMS WERE ECHOED BY THE FOLLOWERS OF THE EX-DEMARTINIANO DEPUTY PARTY SECRETARY ENRICO MANCA, WHO LEFT IT BE KNOWN IN THE COURSE OF THE DAY THAT IF IT CAME TO A VOTE THEY WOULD NOT APPROVE CRAXI'S PRESENTATION AS A STATEMENT OF THE PARTY LINE BECAUSE OF ITS FAILURE TO DISTINGUISH CLEAR OPERATIONAL CHOICES. EVEN RICARDO LOMBARDI, HEAD OF THE FAR LEFT FACTION WITH WHICH CRAXI HAS ALLOWED HIMSELF TO BE INCREASINGLY IDENTIFIED IN RECENT MONTHS, BLASTED CRAXI FOR CEDING THE INITIATIVE IN THE INTER-PARTY TALKS TO THE DC AND RULING OUT PSI PRESSURE FOR A GOVERNMENT CRISIS.

9. COMMENT: CRAXI IS CLEARLY IN TROUBLE, BUT HIS POSITION DOES NOT APPEAR TO BE UNDER IMMEDIATE THREAT. MANCA HAS CALLED FOR ANOTHER CENTRAL COMMITTEE MEETING IN JUNE. HIS INTENTIONS MAY BE AN ATTEMPT TO FORM A TACTICAL ALLIANCE WITH MANCINI AND SOME DE MARTINO FOLLOWERS WHICH COULD EITHER SERIOUSLY CIRCUMSCRIBE CRAXI OR CAUSE HIS OUSTER. THE QUESTION OF MOST IMMEDIATE IMPORT, HOWEVER, IS WHETHER CRAXI CAN PREVAIL IN THE POLICY LINE HE ANNOUNCED YESTERDAY OF BEGRUDGINGLY ACCEPTING A PROGRAMMATIC ACCORD WHICH KEEPS THE ANDREOTTI GOVERNMENT IN PLACE. THE CENTRAL COMMITTEE MEETING, WHICH IS EXPECTED TO

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END THIS EVENING, SHOULD PROVIDE AN ANWERR.GARDNER

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## Message Attributes

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**Type:** TE  
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